

HOUSE BILL 648

By Jernigan

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 5, Part 7, relative to a property tax freeze  
program for persons 65 years of age or older.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-705, is amended by deleting subsection (f) and substituting instead the following:

(f)

(1) To qualify for the property tax freeze, the applicant must be sixty-five (65) years of age by the end of the year in which the application is filed. The applicant must further own and use the property as the applicant's principal residence for which the freeze is sought in the year of application or reapplication and through the deadline date for application or reapplication.

(2) In addition to subdivision (f)(1), an applicant must meet either of the following requirements:

(A) The applicant's income, combined with the income of any other owners of the property, the income of the applicant's spouse and the income of any owner of a remainder or reversion in the property if the property constituted the person's legal residence at any time during the year, must not exceed the greater of the weighted average of the median household income for age groups sixty-five (65) years of age to seventy-four (74) years of age and seventy-five (75) years of age or over who resided within the county as determined in the most recent federal decennial census, or the applicable state tax relief income limit

established under § 67-5-702. This limit must be adjusted by the comptroller of the treasury to reflect the cost of living adjustment for social security recipients as determined by the social security administration and must be rounded to the nearest ten dollars (\$10.00). The adjusted weighted average median household income level for each county must be published annually by the comptroller of the treasury. Income for purposes of qualification means income from all sources as defined by program rules; or

(B) The property for which the property tax freeze is sought has been the principal residence of the applicant for not less than thirty (30) consecutive years, and the assessed value of the property has increased at least fifty percent (50%) based on a periodic reappraisal of the property under § 67-5-1601 in comparison to the immediately preceding periodic reappraisal of the property. The legislative body of any county or municipality, in adopting a property tax freeze program in accordance with this subdivision (f)(2)(B), may, by resolution or ordinance, require that a property increase in assessed value by more than fifty percent (50%) above the baseline assessed value of the property for purposes of qualifying for a property tax freeze under this subdivision (f)(2)(B). After a taxpayer qualifies for a property tax freeze under this subdivision (f)(2)(B), if the assessed value of a taxpayer's residential property is determined by a subsequent periodic reappraisal to be less than one hundred fifty percent (150%) of the baseline assessed value of the property, the taxpayer ceases to qualify for the property tax freeze program for the next reappraisal cycle. A taxpayer who ceases to qualify for the property tax freeze program under this subdivision (f)(2)(B) may reapply and requalify for the program if a subsequent periodic reappraisal after disqualification establishes that the assessed value of the appraised residential property

has increased at least fifty percent (50%) above the baseline assessed value of the property.

SECTION 2. Tennessee Code Annotated, Section 67-5-705(e)(1), is amended by deleting the subdivision and substituting instead the following:

(A) Taxpayers seeking the property tax freeze shall apply to the collecting official by the deadline established in program rules, and must qualify for the property tax freeze program in accordance with subsection (f). Taxpayers qualified for the property tax freeze under:

(i) Subdivision (f)(2)(A) must apply for the property tax freeze annually;

and

(ii) Subdivision (f)(2)(B) must apply for the property tax freeze after each periodic reappraisal.

(B) The collecting official shall determine whether requirements for eligibility have been met, and the collecting official's determination is final, subject to audit and recovery of taxes, including interest at the rates otherwise provided for delinquent taxes under § 67-5-2010, if the applicant is later determined to have not been eligible. Any taxpayer who knowingly provides false information concerning the taxpayer's income or other information relative to eligibility for the program, commits a Class A misdemeanor.

SECTION 3. Tennessee Code Annotated, Section 67-5-705(c), is amended by adding the following new subdivision:

( ) "Baseline assessed value of the property" means the assessed value of a residential property based on the periodic reappraisal of the property under § 67-5-1601 that occurred immediately preceding the first periodic reappraisal of the property used to establish that the residential property owner was qualified for the tax freeze program under subdivision (f)(2)(B);

SECTION 4. Tennessee Code Annotated, Section 67-5-705(c)(1), is amended by redesignating the subdivision as subdivision (c)(1)(A) and by adding the following language as subdivision (c)(1)(B):

(B) "Base tax," for purposes of payment of taxes under the property tax freeze program established under subdivision (f)(2)(B), means the property tax due on the principal residence of the qualifying taxpayer based on the baseline assessed value of the property;

SECTION 5. This act shall take effect July 1, 2019, the public welfare requiring it.